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Dept for EAP/CM, EEB/TPP and INR/EAP
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SUBJECT: GUANGDONG PROVINCE TRADE NUMBERS SHOW SOME IMPROVEMENT

REF: A) GUANGZHOU 627, B) GUANGHOU 290

¶1. (U) According to Guangdong Customs, November bilateral trade numbers snapped a 12-month string of declines, with total trade volume between the United States and Guangdong Province growing 0.5% to USD 7.27 billion, year-on-year. Of that number, U.S. imports accounted for USD 1.14 billion, an increase of 26.1%, while Guangdong exports decreased 3.2% to USD 6.13 billion, year-on-year.

¶2. (U) Year-to-date, total U.S.-GD trade volume reached USD 72.97 billion, a year-on-year decrease of 13.1%. U.S.-GD trade shrank less than EU-GD and Japan-GD trade during the same period, which declined 17% and 15.7%, respectively, and U.S.-GD trade accounted for 13.5% of the total import-export volume for the province.

¶3. (U) Guangdong exports to the United States totaled USD 62.25 billion in the first 11 months of 2009, representing a year-on-year decrease of 13.1%, and American imports were USD 10.73 billion during the same period, a decrease of 13.4%. The Guangdong-based processing trade, frequently referred to as production of labor-intensive products, accounted for 66.5% of the total U.S.-GD trade volume, a decline of 16.5%. This decline slowed in November, which may show that demand for Guangdong's low-cost consumer products is approaching a bottom. Textile exports to the U.S. grew by 16% during the same period. According to Guangdong Customs, the province imported USD 3.35 billion in hi-tech products from the United States, approximately 31.2% of total U.S. imports and a decrease of 17.5% year-on-year.

¶4. (U) According to local media reports on the Guangdong Customs November trade figures, improved trade numbers show that U.S. demand is gradually returning and will form the basis for recovery of U.S.-China trade. However, local media caution that China exports in general and Guangdong exports in particular face trade protectionism and high unemployment rates in America, and the appreciation of China's currency as major obstacles to full "recovery."

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